

Individual Members

Mr. Denver De Livera (Agility Logistics (Pvt) Ltd)
Mr. Leyon Thomas (Agility Logistics (Pvt) Ltd)
Mr. Indika de Silva (Bollere Logistics Lanka (Pvt) Ltd)
Mr. Saminda Suraweera (Bollere Logistics Lanka (Pvt) Ltd)
Mr. Athula De Silva (C H Robinson Freight Services Lanka (Pvt) Ltd)
Mr. Kalana Wickramaratne (C H Robinson Freight Services Lanka (Pvt) Ltd)
Mr. Sanath Liyanage (C H Robinson Freight Services Lanka (Pvt) Ltd)
Mr. Shehan Dantanarayana (C H Robinson Freight Services Lanka (Pvt) Ltd)
Mr. Charith Ranathunga (C H Robinson Freight Services Lanka (Pvt) Ltd)
Mr. Rohan Dasanayake (Dipped Products Plc)
Mr. Dinesh Wickramasuriya (Dipped Products Plc)
Mr. Pushpika Jayadeera (Dipped Products Plc)
Mr. Buddhika Tennekoon (Eskimo Fashion Knitwear (Pvt) Ltd)
Mr. Brian Jayakody (Eskimo Fashion Knitwear (Pvt) Ltd)
Mr. Renil Perera (Finlays Colombo Ltd)
Mr. Husain Shabbir (Finlays Colombo Ltd)
Mr. .Niroshan Srinivassagam (Hellmann Worldwide Logistics (Pvt) Ltd)
Ms. Madara De Mel (Hayleys PLC)
Mr. Nalaka Ratnayake (Hayleys PLC)
Mr. Neil Fernando (Hayleys PLC)
Ms. Sandya Abeyratne (Hayleys PLC)
Mr. Rohantha Abeyratne (Hayleys PLC)
Ms. Gaya Samaraweera (Hayleys PLC)
Mr. H.A. Jayaratne (Hayleys PLC)
Ms. Dinushi Kurupparachchi (Hayleys PLC)
Ms. Udesha Lakmali (Hayleys PLC)
Ms. Dinoli de Silva (Hayleys PLC)
Mr. Dilanjan Atukorala (Hayleys PLC)
Mr. Thideema Perera (Hayleys PLC)
Mr. Asitha Karunarathne (Haycarb Plc)
Mr. Chrishan Kobbakaduwa (Haycarb Plc)
Mr. Sheran Perera (KokosFibre Exports (Pvt) Ltd)
Mr. Gayan Maddumarachchi (MAC Supply Chain Solutions (Pvt) Ltd)
Mr. Harry Joachim (Scanwell Logistics)
Ms. Aindreenie Ranmuthugala (Scanwell Logistics)
Mr. Rahula Silva (Salota International (Pvt) Ltd)
Mr. Mohan Molegoda (Universal Freighters Int'l (Pvt) Ltd)
Mr. Roshan Kannangara (Akbar Brothers)
Mr. Geoffry Polonnowita (Inter Air & Sea Logistics (Pvt) Ltd)

Ms. Manori Dissanayaka (Assistant Secretary General) and Ms. Ushani Dassanayake (Manager) represented the Chamber Secretariat

Mr. Chrisso De Mel, Chairman called the meeting to order and welcomed Committee members, distinguished guests, past Chairmen and fellow members to the 48th Annual General Meeting of the Sri Lanka Shippers' Council.

1. CONFIRMATION OF THE MINUTES OF THE ANNUAL GENERAL MEETING 2017/2018

Minutes of the Annual General Meeting held on 29th June, 2017 at 5.30 p.m. at "Atrium", Cinnamon Grand Hotel, Colombo was duly confirmed, proposed by Mr. Suren Abeysekera and Mr. Adrian Oswald.

2. ADOPTION OF THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR 2017/2018

The Annual Report and Accounts for the year ended March 31, 2018 were adopted, proposed by Mr. Parakrama Weerasinghe and seconded by Mr. Anura Edirisinghe.

3. APPOINTMENT OF CHAIRMAN PRO-TEM

The Chairman, Mr. Chrisso de Mel proposed the name of Mr. Dinesh De Silva as Chairman Pro-Tem.

4. ELECTION OF OFFICE BEARERS FOR THE YEAR 2018/2019

▪ ELECTION OF CHAIRMAN

Mr. Dinesh De Silva proposed Mr. Chrisso de Mel as the Chairman for the ensuing year 2018/2019.

In the absence of any other nominations, Mr. Chrisso de Mel was elected as the Chairman for the period of 2018/2019.

▪ ELECTION OF VICE CHAIRMEN

Mr. Chrisso de Mel proposed the name of Mr. Suren Abeysekera as the Vice Chairman for the year 2018/2019.

In the absence of any other nominations, Mr. Chrisso de Mel declared Mr. Suren Abeysekera as the Vice Chairman for the year 2018/2109.

5. APPOINTMENT OF AUDITORS FOR THE YEAR 2018/2019

The Chairman, Mr. Chrisso de Mel proposed from chair M/s Ford Rhodes Thornton & Co. as auditors of the Council for the year 2018/2019.

6. ANY OTHER BUSINESS, WHICH DUE NOTICE SHALL BE GIVEN PRIOR TO THE ANNUAL GENERAL MEETING

There were no any other business matters received.

7. ADDRESS BY INCOMING CHAIRMAN, MR. CHRISSE DE MEL

With the permission of Members, the Chairman delivered his address at the post business session which was commenced soon after the AGM.

9. ADJOURNMENT OF THE ANNUAL GENERAL MEETING

Chairman declared the meeting closed and invite the members to join for the Post Business Session and Cocktails.

Sgd.

**MANORI DISSANAYAKA
FOR SECRETARY**

Post Business Session of the 48th Annual General Meeting
09th July 2018 at 6.30 pm
“Lotus Ballroom”, Shangri-La Hotel, Colombo, Colombo

Welcome address by Chairman of the Sri Lanka Shippers’ Council – Mr. Chrisso de Mel

Quote

Honorable Eran Wickramaratne, State Minister for Finance and mass media, Mr. Ajay Sharma, Regional Head of Global Trade and Receivables Finance of the Hong Kong and Shanghai Banking Corporation Limited (HSBC), distinguished and other special guest, Past Chairman, Committee members, and members, Ladies and Gentleman, It gives me great pleasure to address you this evening at this 48th Annual General meeting Post Business session of the Sri Lanka Shippers’ Council. As most of you may know this council was established way back in 1966 the year before I was even born and it has since had a rich history of 52 years.

During this time, it has had a wonderful Journey where Legends who were involved in the corporate world of business in Sri Lanka played a key role giving their valuable contribution to international trade, shipping and logistics, “The past year has been a phenomenal year for the Shippers' Council, as we've made great strides promoting our country. We had the opportunity to attend The Global Shippers Forum (GSF)’s annual general meetings in Las Palmas, Spain, in October last year, and in Melbourne in May this year. Both these meetings coincided with the Annual ICHCA (International Cargo Handling Agents) conference which has over 100 participants from across the globe. Further we were able to attend the Asian Shippers Alliance Meetings in Hong Kong And Macau in March this year. we have been able to strengthen our ties with the discussions we have had during these meetings with other Shippers’ councils in the region, namely Bangladesh, Thailand, Malaysia, Indonesia, Hong Kong and Macau as well as the European Shippers council. Through our interactions we have managed to cement Sri Lanka as a Shipping and Logistics Hub, in this region. I’m also proud to announce that our immediate past Chairman Mr. Sean Van Dort was appointed as the Chairman of Global Shippers’ forum at the last AGM in Melbourne. This is a great achievement and honor to the Sri Lanka Shippers’ Council and Sri Lanka.

I report that the Shippers council has always fully engaged and played a pivotal role on the ongoing initiatives of the Sri Lankan government. Throughout the past year we, the private sector have invested our valuable time in discussions and planning with the Public offices such as the EDB, Sri Lanka Customs, Department of commerce and many other agencies such as Donor agencies, technical committees and their project offices to ensure the work in progress is completed in a timely manner.

We urge the government of Sri Lanka that It is imperative that the ongoing projects such as The NES (National Export strategy), The National Trade facilitation Initiatives taken to establish a Trade Information Portal and the National Single window which falls in line with the WTO Trade facilitation agreement are completed and implemented, keeping to the proposed time lines if we are to gain the advantage and be in front of competition as an international trading partner..

We stay committed to ensure that these initiatives will see the light of day!!!!!!

The current political situation is not helping us to move forward. Sri Lanka must be willing to face the facts, take stock, get the house in order and move forward.

We may have the best ideas and strategies to grow our exports and be successful in International trade but unless we usher in discipline, trust and respect to human life and nature, we will not have a future.

My task is to bring you, to realization, and shape your understanding, that it is time that we learn from the past and make the necessary changes. We also need to observe and take note of the degradation of Human life, and values which have taken place in a subtle manner and has eroded in to the quality of life.

This evening I do not want to share with you statistics or facts related to the shipping industry, which we all know, or the business challenges that lies ahead before us. but rather, open our eyes to the fact, that we are now living in a time where “Ethics and Morals “, are no longer considered virtues, whilst “Integrity and Honesty “is not important anymore and “Love and respect” to Human beings and nature, no longer exist.

Due to the decline and demise of these most import attributes, People have not only lost the value and purpose of life but also the right spirit in which business should be carried out. We receive the news on radio, television, print or thru digital media each day, and more often than not, it is always Bad News. We all talk, we all complain, through social Media and chat groups, but we go back and do nothing about it. have you noticed that even the news reporters, report of what has happened, but we rarely hear about the final result where justice is done. we have almost come to terms that we have to remain helpless whilst all the injustice takes place around us. We are almost deaf to what we hear, be it corruption, abuse, violence or hate.

we consider all of them to be, a part and parcel of life, and that you cannot beat them, but you could only join them or do likewise.

We also must be aware that there is something called fake news! and therefore not rush to believe in everything that our ears and eyes can pick up, that is penetrated into our minds and has influenced our thinking.

Time and time again we have thrashed politicians at will, standing at these podiums or other forums such as this, but nothing has changed! Because It is almost a trend these days where business leaders are helplessly running to politicians like headless chicken looking for favour and unfair advantage. But they get frustrated and complain when others do the same. If a politician agrees to tango with them, they consider him good, but if not They label him as corrupt. Through our individual short sightedness, we have traded our strength to stand together as one and hold the administrators accountable but rather we have opted to remain divided and weak in separate silos.

This distorts our early learning which we have possessed through great teachers and leaders in the past who have instilled precious principles and values which we opt not to follow now, in the corporate world.

We don't have a problem in obeying traffic lights as long as it is green for us. but if it is red we complain. Because we fail to understand that when it was green for us, it was Red for someone else.

We all have a fare suspicion, that all policies are directed either towards fulfilling a businessman's wish list or targeted towards enhancing the popularity of the voter base. Rather than the Country's requirement which is the main reason, in my opinion, for the inconsistency we have seen in our policies. Needless to say, that this results in the lack of certainty, that is directly connected to the investors' trust which will eventually determine the FDI that flow in to the country.

The sad part in all of this is that we leave a heritage for the next generation, our children, where their minds will be shaped based on their experiences.

I will share with you an example, a few months back my seventeen-year-old son wanted to apply for his driving license. So as per the normal procedure he should first go for a medical checkup. Thereafter he should sit for a test. But when I briefed him the procedure he asked me why I cannot get him the permit without having to fulfill the requirement I briefed him about he immediately told me that several of his friends have got it from the licensing authority without even having to visit them.

So, I had to Explain to him the value of doing what was right rather than that which was possible. Finally, I want to share with you a true story which happened nearly 30 years ago.... There was a friend of mine who came for an interview.

During the interview the young man was asked a question?

The Interviewer told him, that if he gets the job, he may have to visit the Port to engage in various day to day functions. And in some instances, he may be asked to make some underhand payments to get the job done.

He was asked whether he will make such payments if the need arises to which the Young Man replied.... I will not Sir, After the Interview, I was told by the gentleman who held the Interview, that He did not feel that this young man was suited for the job, because he felt that he was too honest and seemed a church boy.

When I conveyed this to the young Man he said that his reply was based on the fact that he was thinking that the Interviewer was trying to check on his integrity, and that if not He would have certainly said that he was willing to do it if the company was directing him to do so. The fact remains that even after 30 years we are facing the same dilemma. So, it is in our hands whether we want to pass on this culture to the next generation or make the necessary reforms now, that we can be proud to handover to the next generation where people will be proud to uphold integrity, honesty to be more valuable than profit.

Thank you."

Unquote

Address by Guest of Honour, Mr. Ajay Sharma , Regional Head of Global Trade and Receivables Finance, The Hongkong and Shanghai Banking Corporation Limited (HSBC)- Asia Pacific

Quote

“ Thank you very much. It’s a pleasure to be here; Honourable Minister Eran Wickramaratne, Chairman Chrisso de Mel, ladies and gentleman and members of Sri Lanka’s Shipping Council.

Thank you for giving HSBC the opportunity and giving the opportunity to the best for the distinguished gathering. My name is Ajay Sharma, and I run trade finance business for HSBC for Asia Pacific right across our two countries. As you might be aware, HSBC started over 133 years ago. As a bank that enabled trade in Asia Pacific, we started in Hong Kong, and growing rapidly, built up the franchise, across the region. This is a good business for us, what you want, we finance. And it is something that is strategically extremely important to us, to continue to be close to you. It’s very good to be back in Sri Lanka, it’s been twenty years since I last came here. I think I need to come here more often. Hearing the economic activity has strengthened is a great help today. With a novel activity taking place, a unique position, I think Sri Lanka has, as an international player. The growth that we have seen and we are going to see, as shipments go through various places in Sri Lanka. Thus the lead provides us with a great opportunity to be more.

The topic for me today was to talk about what’s happening in terms of digitization in trade. And we do think the descent of sectarian trends, right now, will change the nature of how trade is done. But before I go there, let me talk about the other topic which is relatively known, which is tariffs. And this is no longer hypothetical, we have seen on Friday, both China and US add protectionism to their agenda for imports from each other.

And this has been going on for the last 6-12 months, and before this, there were washing machines,

And this is not something new. If we go back, and look at the studies that have been done, tariff and non-tariff barriers, have been enacted over the last 8-10 years after the financial crisis. Because every government and every country, wishes to protect their own borders, and they’re keeping others out. And this is indeed worrying. What will be the impact of tariffs, I think, we’ll see how the tariffs are. But then in a world which is globally interconnected, in a world where the supplier change straddles across various other things. Going back, it’s obviously why it creates market uncertainty. It challenges the rule based system that we have, so carefully, put in place under WTO. And over time, no company likes uncertainty. And therefore, it impacts the decision making of making long term investments, in the absence of long term policies. So this is what we have to contend. How should we do this in Asia? And a positive part, if there’s a positive in this, is that trade, global trade with the US, only constitutes 15% of all trade that takes place. So the positive way to look at this is that there is 85% out there which is trade between Asia, Europe, Latin America, the rest of North America, and Africa, and the Middle East.

The other positive is that trade volumes that continue to grow, so after death in 2016, the last two years have seen a significant increase in trade volumes. And the growth in Asia, and

the growth in markets will continue to drive the future of trade. So at 2050, the assumption is that there will be another 2.6 Billion people, mostly in emerging markets, which will be the middle class. And this will drive the huge demand for goods, services, investments, capital flows, and trade flows.

The other key thing that we are going to have, is that the nature of trade flows have changed. And the trade within Asia today, exceeds the trade that Asia does with Europe, and the US put together. It's an impressive trend that historically we all thought about trade, as something that Asia did, by exporting to the US, which is still the world's largest market, while exporting to other developed markets in the world. And this is the demographic shift which is taking place, with much more manufacturing also much more consumption coming through, in the Asia Pacific region. The Asian economies have grown really strongly. If you look at this year, the expectation is that Asia Pacific, as Japan, will grow by 6.1% and lead next to the consumption which is 6.2%. And this is a significant growth and a very large boom, of the domestic product of each of these countries and this growth, continues to develop and adds jobs to the market, it'll add more people into the middle class every year, it increases demand, and positions us as a big beneficiary of all the business that is required to be done, to facilitate trade.

Deeply I think, other big trend is around the technologies that drive the different ways of doing trade. E-Commerce is one of them. And as we look at E-Commerce, it is disruptive and it is also increasingly creating new avenues for sales and new business flows to share the existing flow.

Same thing will trend at 3D printing. You really don't need to manufacture, you can design and trade anything across the globe.

We also believe that the multilateral trading system, anchor for WTO, is likely to survive the current problems with some changes, since it has proven to be very beneficial. Indeed WTO statistics suggests, that economies that are open, grow 1.5 times faster than the closed economies. So we do believe that the WTO rules based model will survive with some changes.

Then we talk to companies and we do a survey every year, we talk to 6000 customers, the feedback we get is that over 80% of them expect there to be more trade. However, 70% of them feel, the rise of protectionism in their markets. But they've also seen some reform taking place in their home markets which is positive for trade. And the good news today, and there are many pieces of good news, is the fact that the TPP, about the US which is eleven countries, coming together and in March, the Trans Pacific Partnership initiative but it's moving along quite well, if a trillion dollars does get spent, the impact on the infrastructure, on trade, on people, on the environment is going to be significant.

The ATSET continues in the next round is in July, in Bangkok, and hopefully they will reach, and come for an agreement. And EU continues to talk to Vietnam, Japan, Singapore, Australia and New Zealand. And again, that clearly, will continue to be a big win for Asia to focus on EU and that's a huge market in its entirety. And finally the ASEAN 2025 movement, again promises to be a big area for us to focus on. So many positives. And all these agreements, to reduce the friction that exists in trade, makes it easier for us to move both across the boundaries of nations and creates opportunities for all of us. Which brings me to the second topic of the discussion, which is the role of digitization in reducing the friction in trade. If

you go back 60 years and look at the container, and think about how containerization changed the face of your industry, it wasn't without problems, it wasn't without issues, started off with a metal box of a certain size, no standards, no single way of defining what it looked like, it requiring a lot of people to be convinced that we should all have one standard, and every shipper had their own standard at that point of time.

We eventually got there, and it revolutionized the way goods are moved across the world. And digitization, I think, does that for the banking industry, and in entire business or trade finance. It will fundamentally change the way we operate.

Where are we in trade finance and trade today? From a bank's perspective, HSBC is one of the largest members of the trade finance business, handles 100 million pieces of paper. If you look at some of our operations areas, there is a huge amount of papers, we've got a large machines that scan that paper and then we go and extract information from the same. And they realized that there lies a challenge for us, because we get paper, rather than digitizing information. At the other end, people deal with paper, to record information. It is not that information not available in the digital format, but it's just not right now, structured in a way where information can be moved from one place to another, in a safe, secure way. When the customer comes to us and to provide papers for us, we convert it into a digital format, send it across to the other bank, there's another bank there. We look at the digital information, print it on a piece of paper, send it to their customer, who then submits more paper.

And it's not our paper, it's not your paper, it's everybody's paper. You all have bits and pieces of it, which make it very difficult for us. But all our customers, and all the shipping partners and all the freight forwarders and the authorities, they've all digitized their information. We run everything on a digital basis. All of them, all of us, we all act on digital islands. I have managed to make the platform safe and secure for everybody outside, I can interact with my clients sometimes, I can't interact with other banks and even if I do, how do they trust us from using their information, and how do we move forward. And therefore, there is and there has been a need to create a common platform, in the banking industry to move into the next level. Can you just imagine if you could do this, on a single platform which is safe, secure, transparent, where information is easily visible, and if there are changes, you know who made the changes, and you get the right people for certain platforms.

So I'll talk about the transaction that took place about four weeks ago, and this transaction that we did, was with a company called RP, they owned the digital distributive ledger platform for block chain as it is popularly known.

There are 13 banks that are participants in this platform, so one of the banks was us, the other bank was Cianjin Bank the customer was Cargills, Singapore, they were importing..... Indonesia we opened a letter of credit on this platform everybody had visibility at the same time, when the transaction worked out. So at least some part of it worked out. Second was interesting when there was a change to be made on one of the documents, one of the counter parties made it, the change was approved and it was done in a day. Others go back to the paper. Lets go back to the paper transaction, you types the message, handed over to the counter parties who said "yes" took four to five days. Same thing for clearance. Just imagine, the amount of liquidity that you will inject, into the system

when we can do these transactions faster. Imagine doing it without paper, so if we can get a shipping company to an to connect and then somebody electronically certifying the country of origin, the customs authorities confirming that this is real and the goods have passed through a port, the insurers confirm that the goods are insured thorough a digital format, instead on a piece of paper etc., Then you're living in the world without paper. And this is what the transaction did for us. While it makes life easier for us, as a bank, so in a sense we are selfish, because we are taking care of our own interests, for ourselves. But it does save the time, in a situation where you actually need a paper, we can electronically certify and print it so, this is going to take time. Because everybody needs to come on board. According to the inland statistics, if all of trade can be digitized, it could take time off and reduce the time taken to export, by about 33%. You know how long it takes today.

And these are all the big numbers will start adding, to the amount of trade that is being done.

So how do we go onto the next step? This is a common platform for banks and we are now working the other banks to create a common platform to carry out our transactions,

And fundamentally, I think this is the future for us. For the banking industry and for the customers, in terms of eliminating paper that exists today.

And think of the other trend that I talked about which is intra... trade. The US shipping from Jakarta to Singapore or Singapore to Kerala, and this will really eliminate the need for paper the more, to make sure that the goods can be taken off from the ship as soon as possible, through the introduction of these shipping logistics, which will ease the burdens that you all are currently facing.

What I ask of this council, is to talk amongst yourselves, talk to all the people that you deal with in Sri Lanka, talk to the other global shipping councils and drive this process of digitization. Work with banks, work with people who can make a change and make things come on top. All stakeholders should work together in order to make this a reality. We at HSBC are committed to this, we need this as part of our platform, we see the benefits, we ourselves are embarking on a huge technology investment programme over the next 4-5 years, so once again, let me reiterate that we need your help and cooperation to achieve this breakthrough."

Unquote

Address by Chief Guest Hon. Eran Wickramaratne, State Minister of Finance and Mass Media

Quote

" Thank you. Good evening to all of you. And may I, right at the outset, wish Sri Lanka Shippers Council and Mr. Chairman Chrisso, Suren and everyone else, the very best as you enter a new year in your journey in the Shippers Council. I was also very pleased to hear what Chrisso had to say, in his opening remarks. And also to hear Rajith speak about the industry, both trade and finance, and within Citi Bank. About the time he was in Citi Bank also, and it was interesting to see, how the industry has evolved. And also, he was talking

about, you know, the new platforms, you know, that are there. And encouraging everybody to get on these platforms. It took me back, mentally to the time that I started off my first job as a banker, in 1984, when I joined Citi Bank. I had not heard the word internet, I hadn't heard the word email, but the bank I joined, had something, say called, Citi Mail; which is in essence the forerunner of Email, because when these were created, these were given to large US corporates, and at that time we had the, if you want the advantage, of actually using these tools. We were really not smarter, but we really had the technology. So I would use the email, and I would go home, and I had a, my father in law, who was a businessman, who would get up at 3.30/4.00 in the morning, and go down to his office room, to use a telex machine. And I could hear the noise of the telex machine. And so we coined this phrase, 'The city that never sleeps.' And I often wondered, right, how technology, gives you such a huge advantage, it doesn't mean that you're necessarily smarter, but it gives you such a huge advantage. So, Sri Lanka has a vision. Then I'm wondering, actually, listening to many people, what really is a vision. I go from forum to forum, and also I hear about the great achievements of our country. Just last week, in parliament, there was a presentation made, on the health Sector of the country, to parliamentarians. And I looked at all the statistics and I looked at all the graphs, and all the achievements that were there. When the discussion time came, I said, please don't misunderstand what I'm going to say, because it's not to take away of the achievements we have made in the health sector. Now the reason I said that was, that we have achieved much, but really the question is, have we really reached the full potential, in our different sectors that we could have actually reached. This is the question. Sri Lanka in 1948 had a per capita income, of only second to Japan in Asia. So we have achieved much, but have we achieved our full potential. This is the question. What really is the vision? I think of Sri Lanka as a country, that we don't need to compete in Asia, we should be thinking of ourselves in a generation, the way in the first quartile, of all the countries in the world. Within the first quartile of all the countries in the world, when you look at all the economic indicators. We certainly have accomplished much, and people would challenge me on that, when they talk about their sectors. Well I'm saying, we need to have a bigger dream. And to get to the bigger dream, often the thing that holds us back, is leadership. I can talk about leadership conversations in politics, but I'm not talking about just politics, I'm talking about leadership in the wider context. We come to a forum like this, and you have Ajay talking lots of details, on complex issues, and leadership is about leading through complexity. Certainly I would admit that in the political arena, we don't have the leadership that would lead through complexity. Often in our cocktail circles when we get into our small groups and conversations, we talk about leaders. But these leaders, and not going to take Sri Lanka into the next quartile, because they do not have the background and that ability to lead through complexity. It's not going to come from my generation. It's going to come from the next generation. The millennial generation. If you want, the internet generation. The generation that understands complexity. If you look at countries that have advanced, very very quickly, it is because political leaders, emerge largely from the industrial space. And emerge from the commercial space. We need that jump. If we are to jump and race as a nation. I remember a conversation as a young executive, working for a

multinational bank. It happened to be largely an American bank. And I remember there was something called the American Business Circle, which preceded the US Chamber of Commerce that is there now. I was there at the luncheon meeting, around a small table, it was a small group of people because the Chamber was that small. And I was there representing the CEO of the bank. And at that lunch time, the speaker was the Honourable Lalith Athulathmudali. One of the finest minds the country ever had. Went into the Chamber, became a politician and was now in charge as a minister. He came in, and we had lunch and he gave his small speech. And then he went to Q and A. And the topic was on education. And I turned to him and I said, I said Mr. Minister, I want to know why I and my friends, cannot get together and own and run an educational institution and a school. I still remember I was the youngest among them, I may have been just about thirty years old, everyone else was much older. He looked at me and he said, he said young man, I want to say something. It's against the policy of our government, to allow private schools. And that was the end of conversation. Lunch was over, Mr. Athulathmudali said, you know I have to be in Parliament so would you please excuse me? And I'm going to take your leave. He got up from the table, he came around the table to where we were sitting, he tapped me on the shoulder, and he said, you know, I agree with what you said. But he said, I can't say it publicly. I got up from then table, I accompanied him to his car. And I said sir, why, what's the problem? Then he said, it's the policy of our governments and that's the reason why we do not have private education. But he said I agree with everything you said. Then he said, it doesn't really matter who supplies education, it is education that really matters. Thirty five years later, I stand at this podium and say, it is still an unresolved issue in our country. I want to make just three quick comments before I conclude. Why is our education, thirty five years later, we are still debating. The last three years, we had students from the University on the streets, against a private medical college. Then we have to ask ourselves the question, you know, where are we going. We have to resolve the bigger issues that we face, if we really want to leap, as I said, to the first quartile in all countries in the world in one generation. It is possible, if we are able to make some decisions, on the big issues and education is one of them. From the time I was small, I always remember adults saying, you know when you grow up, you must become a doctor. When you grow up, you must become a lawyer, an engineer or some profession like that. I remember hearing that, thirty five years later, I still hear, in some homes, the same mantra being repeated. The world has changed, but we are changing slowly. In our country, we look up to the professionals, we look up to people like myself, and I've often wondered, why haven't we really looked up to entrepreneurs, rather than professionals. It is the entrepreneurs who have created the wealth. It is the entrepreneurs who have created the job. It is the entrepreneurs who have created a better future for us. But somewhere in our thinking, somehow or the other, they are a bit lower than the professionals. We are thought more highly than the entrepreneurs. Sri Lanka has only 2.78% of entrepreneurs, when you compare with its working population. If you take Vietnam, a country which is called a Communist country, has more than 19% entrepreneurs. Thailand, Malaysia; you name Asian countries, way above in terms of the number of entrepreneurs. Even a big country like China, has 7.5 % entrepreneurs by the same

definition that I gave, but Sri Lanka, only 2.68% of entrepreneurs. So what has really happened? What has really happened? I'm a banker. And as a banker, when somebody walks through the door, I give them a loan, and I want to basically, collect my money. As a banker, I'm on the other side of the coin, risk averse, an entrepreneur takes a risk. And often, we don't have the capital markets developed in a way as somebody is trying to stand with the entrepreneurs, and take that risk. And therefore, entrepreneurship is something that lags way behind, and it is something that we need to encourage. And the final point I would like to talk about is, the point on competition. I remember, as a child, in the 1970s, I remember the time when my parents would be talking, and adults will be talking, and they'll say things like, there is no rice today. Because you're not allowed to eat rice today. Because rice was confined to, I can't remember, two or three days a week. I remember, the conversation that you cannot really transport rice in your vehicle, because at the next check point, need the car might be stopped and they might check, whether you are actually transporting rice. I remember, as a more adult student, playing in the college teams, having to show up for a photograph, without a blazer, because the blazer material was not available. I remember having to find a very well distinguished old boy, going and borrowing a blazer from him, just to wear the blazer for the photograph to say that I represented my college. Even today, I don't have a blazer, neither do I have a colours cap to show that I ever played the sport to the highest level in my school, and that was because, of the economy of the day. We believed in a closed economy. Things have changed, but my question today is, has it changed enough. You know, I was glad to hear Ajay make some remarks. And he made some remarks about competition and contestation. If we want to advance, we have to face up to these realities. The only way forward, is to be competitive. The only way forward, is to be efficient. The only way forward, is to produce at a better cost than everybody else. Now, I am the State Minister of Finance. Now, people come and sit outside my door, most of them who come through are businessman. Most of the time the request is to protect their industry. Most of the time, the argument runs, you're protecting jobs, and you're protecting incomes. Where did anybody come and speak for the consumer. What is the battle? The battle is between the consumer and the producer. At any given government, you're always trying to balance between the interests of the consumer, and the interests of the producer. Consumers want the best product at the lowest price. But producers, and businesses often want to protect their bottom lines, and somehow or the other stay where they are. It is only competition that can deliver on both fronts for consumers and for producers. And therefore, whatever the industry might be, we need to be competitive. As a government, we are going on the route of making Sri Lanka more economically liberal. That's why in the last budget, the Prime Minister removed para tariffs. 1200 items including various different para tariffs. They expect it to reduce it even further. Already people are saying that if we do that, we might be open to unhealthy competition. It's not only that, our government wants to change the mix of direct/ indirect tariffs. Indirect tariffs are 82%. Direct tariffs are 18%. Indirect tariffs put a higher burden on the poor, and therefore, indirect tariffs need to reduce and there needs to be a balance, in making that move. This is the reason that we are moving in that direction. Your industry too has to face up to the issue of protection vs competition. You have to face

up to the issue, that prices cannot always be controlled. And it has to be competitive. You have to face up to the issue that foreign participation becomes a necessity in an integrated and globalized world. I know that there many arguments that have been proved. Even in the shipping industry, even in the agency industry. But in order to be sustainable, in order to grow beyond the rates that we are growing, we have to think bigger and we have to think in a more competitive way. We have to go beyond transshipment to more value added third party logistics activities also, to attract. And this is something we need to pursue. It is necessary to maximize the incentives also to other operators, to basically hold through Colombo and increase their participation. The world keeps changing, but liberalization has worked in other industries. It's worked in the telecommunications industry, it has worked in the hotel industry. That is why we are seated in the auditorium of the Shangri La today. Because this market, was one of the first to be opened out, in the 1970s. That is why my mother stayed, on a waiting list for 10 years to get a phone, but I got a phone by just taking one phone call, because of liberalization. Therefore, we have to be open to what's really happening in the world. Ajay said, that there are concerns because of trade wars, between big powers and as a result, protectionism. But whatever those trade wars may be, our future lies, not in this market, our future lies in conquering the markets around us. That is Sri Lanka's positioning. It's education that matters, not who supplied it. It's entrepreneurship that matters, not whose ideas it is. It's trade that matters, and it is consumers that eventually must benefit. Thank you again Chrisso for inviting me, I know you will not invite me next year, thank you very much."

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